

GLOSSARY

Accrual Accounting: A basis of accounting in which revenues and expenditures are recorded at the time they are earned or incurred as opposed to when cash is actually received or spent. For example, in accrual accounting, revenue that was earned between April 1 and June 30, but for which payment was not received until July 10, is recorded as revenue of June rather than July.

Activity: A specific and distinguishable unit of work or service performed, such as Code Enforcement (#3204).

Adopted Budget: The budget approved by the Board of Commissioners and enacted by budget appropriation ordinance, on or before June 30 of each year.

Appropriation: An authorization made by the County Commission which permits the County to incur obligations and to make expenditures of resources.

Assessed Valuation: A value that is established for real or personal property for use as a basis for levying property taxes.

Budget: A financial plan for a specified period of time (fiscal year) that balances projected revenues and fund balance appropriations to estimated services expenditures and operating transfer obligations.

Budget Calendar: The schedule of key dates or milestones which the County follows in the preparation and adoption of the budget.

Budget Message: The opening section of the budget, which provides the County Commission and the public with a general summary of the most important aspects of the budget.

Budget Resolution: The official enactment by the County Commission to establish legal authority for County officials to obligate and expend resources.

Capital Outlay: Represents expenditures, that result in the acquisition or addition to fixed assets, including land, buildings, improvements, machinery or equipment. Most equipment or machinery expenditures are included in the General Fund budget. Capital improvements such as acquisition of land and related construction and engineering fees are included in the Capital Projects Fund, which are not included in the budget.

Capital Improvements: Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvements Program: A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long term needs.

Component Units: Legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Debt Service: Debt Service expenditures are the result of bonded indebtedness of the County. Debt Service expenditures include principal, interest, and bond reserve requirements on the County's outstanding debt.

Department: A management unit of closely associated County activities headed by a Director.

Division: A management unit of closely associated County departments headed by an Administrator.

Employee Benefits: This classification of expense covers fringe benefit costs, such as FICA, Health Insurance, Pension, and any other employee related costs not covered in Employee Compensation.

Employee Compensation: This classification of expense covers salaries and wages, including overtime, which are paid directly to the employees.

Encumbrance: An administrative control under which commitments for the expenditures of money are recorded; thus the money is not available for new expenditure commitments. The use of encumbrances prevents overspending and permits officials to be certain of how much money is available for new commitments.

Enterprise Fund: A type of proprietary fund used to account for the financing of goods or services to the public where all or most of the operating expenses involved are recovered in the form of user charges. This category includes the Solid Waste Disposal Fund.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditures: The term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid.

Fiscal Year: The time period designated by the County signifying the beginning and ending period for recording financial transactions. The fiscal year for Hamilton County is July 1 to June 30.

Fitch, Inc.: A recognized bond rating agency.

Fund: An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or governmental functions. The funds included in this document are General Fund, Debt Services Funds, and Special Revenue Funds.

Fund Balance: Refers to the excess of assets over liabilities and is therefore also known as surplus funds. It represents the accumulated residual of revenues over expenditures since the inception of the organization.

GAAP: Generally Accepted Accounting Principles (GAAP) are uniform standards and guidelines for financial accounting and reporting which govern the form and content of the basic financial statements of an entity.

General Fund: The principal fund of the County, the General Fund is used to account for all activities not included in other specified funds. General Fund revenue sources include property and business taxes, licenses and permits, intergovernmental revenues, service charges, fines and forfeitures, and other types of revenue. This fund includes most of the basic operating services, such as Emergency Services, Library, Community Corrections, Health Services, Parks and Recreation, Public Works and General Government Administration.

General Obligation Bonds: This type of bond is backed by the full faith, credit and taxing power of the government.

Grants and Appropriations: This classification of expense covers funds appropriated to various institutions not directly under the operational control of the County.

Intergovernmental Revenue: Revenue received from another government for general purposes or a special purpose.

Interfund Transfers: Amounts transferred from one fund to another. Transfers are not expenditures and must be appropriated for expenditures in the fund receiving the transfer.

Modified Accrual: Revenue is recognized in the accounting period when it becomes "susceptible" to accrual, that is, when it becomes measurable and available.

Moody's Investor Services, Inc.: A recognized bond rating agency.

Organizational Chart: A pictorial depicting the organization's chain of administration regarding services provided.

Operations: The classification of expense that covers all items of expense other than employee compensation, employee benefits and capital outlay necessary for a department to perform its intended function.

Performance-Based Pay Plan: A performance based evaluation system, which is tied to a market based pay plan.

Retainage: A reserve held back from contract payments for construction, pending completion and approval of the project.

Revenue: Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Situs: The place where a thing (tangible or intangible) is deemed to be located for legal purposes. For example, the situs of personal property for tax purposes is usually the domicile of the owner; the situs of a debt is generally deemed to be wherever the debtor is at the moment.

Special Revenue Funds: These are operating funds which are restricted as to use by the Federal and State governments and special purpose funds established by the County Board of Commissioners. The special revenue funds included in this document are the Sheriff Fund and the Juvenile Court Clerk Fund.

Transfers In/Out: Amounts transferred from one fund to another to assist in financing the services for the recipient funds.

Transmittal Letter: A general discussion of the budget presented to the County Executive and the Board of Commissioners as a part of the budget document. The transmittal letter explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the Finance Administrator.

Tax Levy: The total amount of tax that optimally should be collected based on tax rates and assessed values of personal and real properties.

Tax Rate: The level at which taxes are levied. Hamilton County's tax rate is \$3.061 of assessed value for FY03.

VAAP: The Volunteer Army Ammunition Plant transferred to the City of Chattanooga and Hamilton County Government for an industrial park, now known as Enterprise South.